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James C. Kenney
Cabinet Secretary

Jennifer J. Pruett
Deputy Secretary

Certified Mail – Return Receipt Requested

September 30, 2019

Mitch Knapton, General Manager/Chief Engineer
Peabody Natural Resources Company dba Lee Ranch Coal Company
Lee Ranch Coal Mine
P.O. Box 757
Grants, New Mexico 87020

**Re: Lee Ranch Coal Mine; Minor Individual Permit; SIC 1221; NPDES Compliance Evaluation Inspection;
NM0029581; September 9, 2019**

Dear Mr. Knapton:

Enclosed please find a copy of the report and check list for the referenced inspection that the New Mexico Environment Department (NMED) conducted at your facility on behalf of the U.S. Environmental Protection Agency (USEPA). This inspection report will be sent to the USEPA in Dallas for their review. These inspections are used by USEPA to determine compliance with the National Pollutant Discharge Elimination System (NPDES) permitting program in accordance with requirements of the federal Clean Water Act.

Introduction, treatment scheme, and problems noted during this inspection are discussed in the "Further Explanations" section of the inspection report. You are encouraged to review the inspection report, required to correct any problems noted during the inspection, and advised to modify your operational and/or administrative procedures, as appropriate. If you have comments on or concerns with the basis for the findings in the NMED inspection report, please contact us (see the address below) in writing within 30 days from the date of this letter. Further, you are encouraged to notify in writing both the USEPA and NMED regarding modifications and compliance schedules at the addresses below:

NPDES Enforcement Coordinator
U.S. Environmental Protection Agency
Region 6 Water Enforcement Branch (6ECDWM)
1201 Elm Street, Suite 500
Dallas, Texas 75202

Program Manager
New Mexico Environment Department
Surface Water Quality Bureau (N2050)
Point Source Regulation Section
P.O. Box 5469
Santa Fe, New Mexico 87502

David Long (Long.David@epa.gov) is USEPA Region 6's Acting NPDES Enforcement Coordinator at the above address. If you have any questions about this inspection report, please contact Erin Shea at 505-827-0418 or at erin.shea@state.nm.us.

Mr. Knapton, Lee Ranch Coal Mine, NM0029581
September 30, 2019
Page 2 of 2

Sincerely,

/s/Sarah Holcomb

Sarah Holcomb
Program Manager
Point Source Regulation Section
Surface Water Quality Bureau

cc: Carol Peters-Wagnon, USEPA (6ECDWM) by e-mail
David Long, USEPA (6ECDWM) by e-mail
Nancy Williams, USEPA (6ECDWA) by e-mail
Amy Andrews, USEPA (6ECDWM) by e-mail
David Esparza, USEPA (6ECDWM) by e-mail
Brent Larsen and Tung Nguyen, USEPA (6WDPE) by e-mail
Isaac Chen, USEPA (6WDPE) by e-mail
John Roderick, NMED District I by e-mail
Chad Gaines, Peabody Natural Resources Company by e-mail



Form Approved
OMB No. 2040-0003
Approval Expires 7-31-85

NPDES Compliance Inspection Report

Section A: National Data System Coding

Transaction Code	NPDES	yr/mo/day	Inspec. Type	Inspector	Fac Type
1 N 2 5 3 N M 0 0 2 9 5 8 1 11 12 1 9 0 9 0 9 17 18 C 19 S 20 2					
Remarks					
S U B - B I T U M I N O U S C O A L M I N E					
Inspection Work Days	Facility Evaluation Rating	BI	QA	Reserved	
67 69	70 3	71 N	72 N	73	74 75 80

Section B: Facility Data

Name and Location of Facility Inspected (For industrial users discharging to POTW, also include POTW name and NPDES permit number) Lee Ranch Mine, Lee Ranch Coal Company, A Division of Peabody Natural Resources Company north of Milan, New Mexico. From I-40, take Exit 79 in Milan, travel north at stop sign, turn left onto Old Hwy 66, turn right onto NM 605, cross railroad tracks, travel 14 miles pass NM 509, travel 8 miles toward San Mateo, follow road as it curves left, at Forest Access Road 4761 fork continue left (follow signs) on private road to Lee Ranch Mine office. McKinley County	Entry Time /Date 1040 hours / 09/09/2019	Permit Effective Date June 1, 2018
	Exit Time/Date 1530 hours / 09/09/2019	Permit Expiration Date May 31, 2023
Name(s) of On-Site Representative(s)/Title(s)/Phone and Fax Number(s) -Chad Gaines, Environmental Specialist, Peabody Natural Resources Company / 505-285-3076 -Myron Newman, Environmental Technician III, Peabody Natural Resources Company	Other Facility Data Lee Ranch Mine Entrance Latitude 35.483740°, Longitude -107.663413° SIC 1221 Sub-Bituminous Coal Mine	
Name, Address of Responsible Official/Title/Phone and Fax Number Mitch Knapton, General Manager/Chief Engineer; Peabody Natural Resources Company dba Lee Ranch Coal Company; Lee Ranch Coal Mine; P.O. Box 757; Grants, New Mexico 87020	Contacted Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	

Section C: Areas Evaluated During Inspection (S = Satisfactory, M = Marginal, U = Unsatisfactory, N = Not Evaluated)

S	Permit	N	Flow Measurement	S	Operations & Maintenance	N	CSO/SSO
M	Records/Reports	N	Self-Monitoring Program	N	Sludge Handling/Disposal	N	Pollution Prevention
N	Facility Site Review	N	Compliance Schedules	N	Pretreatment	N	Multimedia
N	Effluent/Receiving Waters	N	Laboratory	N	Storm Water	N	Other:

Section D: Summary of Findings/Comments (Attach additional sheets if necessary)

1. SEE ATTACHED CHECKLIST REPORT WITH FURTHER EXPLANATIONS AND PHOTO LOG.

Name(s) and Signature(s) of Inspector(s) Erin Shea /s/Erin Shea (f/k/a Erin S. Trujillo)	Agency/Office/Telephone/Fax NMED/SWQB/505-827-0418	Date 09/25/2019
Signature of Management QA Reviewer Jennifer Foote /s/Jennifer Foote	Agency/Office/Telephone/Fax NMED/SWQB/505-827-2795	Date 09/26/2019

Lee Ranch Coal Mine – September 9, 2019	PERMIT NO. NM0029581 Page 1 of 3
SECTION A - PERMIT VERIFICATION	
PERMIT SATISFACTORILY ADDRESSES OBSERVATIONS <input checked="" type="checkbox"/> S <input type="checkbox"/> M <input type="checkbox"/> U <input type="checkbox"/> NA (FURTHER EXPLANATION ATTACHED <u>No</u>). DETAILS: Permittee representative described that Outfall 042 no longer exists (mined out).	
1. CORRECT NAME AND MAILING ADDRESS OF PERMITTEE.	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NA
2. NOTIFICATION GIVEN TO EPA/STATE OF NEW, DIFFERENT OR INCREASED DISCHARGES.	<input type="checkbox"/> Y <input type="checkbox"/> N <input checked="" type="checkbox"/> NA
3. NUMBER AND LOCATION OF DISCHARGE POINTS AS DESCRIBED IN PERMIT.	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NA
4. ALL DISCHARGES ARE PERMITTED. No reported discharge	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NA
SECTION B - RECORDKEEPING AND REPORTING EVALUATION	
RECORDS AND REPORTS MAINTAINED AS REQUIRED BY PERMIT. <input type="checkbox"/> S <input checked="" type="checkbox"/> M <input type="checkbox"/> U <input type="checkbox"/> NA (FURTHER EXPLANATION ATTACHED <u>Yes</u>). DETAILS: Last inspection occurred October 8, 2014. Permittee submits DMRs into USEPA electronic NetDMR system. EPA R6 has not updated NetDMR system with current version of permit including outfalls.	
1. ANALYTICAL RESULTS CONSISTENT WITH DATA REPORTED ON DMRs.	<input type="checkbox"/> Y <input type="checkbox"/> N <input checked="" type="checkbox"/> NA
2. SAMPLING AND ANALYSES DATA ADEQUATE AND INCLUDE.	<input type="checkbox"/> S <input type="checkbox"/> M <input type="checkbox"/> U <input checked="" type="checkbox"/> NA
a) DATES, TIME(S) AND LOCATION(S) OF SAMPLING	<input type="checkbox"/> Y <input type="checkbox"/> N <input checked="" type="checkbox"/> NA
b) NAME OF INDIVIDUAL PERFORMING SAMPLING	<input type="checkbox"/> Y <input type="checkbox"/> N <input checked="" type="checkbox"/> NA
c) ANALYTICAL METHODS AND TECHNIQUES.	<input type="checkbox"/> Y <input type="checkbox"/> N <input checked="" type="checkbox"/> NA
d) RESULTS OF ANALYSES AND CALIBRATIONS.	<input type="checkbox"/> Y <input type="checkbox"/> N <input checked="" type="checkbox"/> NA
e) DATES AND TIMES OF ANALYSES.	<input type="checkbox"/> Y <input type="checkbox"/> N <input checked="" type="checkbox"/> NA
f) NAME OF PERSON(S) PERFORMING ANALYSES.	<input type="checkbox"/> Y <input type="checkbox"/> N <input checked="" type="checkbox"/> NA
3. LABORATORY EQUIPMENT CALIBRATION AND MAINTENANCE RECORDS ADEQUATE.	<input type="checkbox"/> S <input type="checkbox"/> M <input type="checkbox"/> U <input checked="" type="checkbox"/> NA
4. PLANT RECORDS INCLUDE SCHEDULES, DATES OF EQUIPMENT MAINTENANCE AND REPAIR. Impoundment Inspections	<input checked="" type="checkbox"/> S <input type="checkbox"/> M <input type="checkbox"/> U <input type="checkbox"/> NA
5. EFFLUENT LOADINGS CALCULATED USING DAILY EFFLUENT FLOW AND DAILY ANALYTICAL DATA.	<input type="checkbox"/> Y <input type="checkbox"/> N <input checked="" type="checkbox"/> NA
SECTION C - OPERATIONS AND MAINTENANCE	
TREATMENT FACILITY PROPERLY OPERATED AND MAINTAINED. <input checked="" type="checkbox"/> S <input type="checkbox"/> M <input type="checkbox"/> U <input type="checkbox"/> NA (FURTHER EXPLANATION ATTACHED <u>Yes</u>). DETAILS: Treatment includes unlined earthen settlement impoundments. Discharge from the domestic wastewater mechanical plant w/aeration, chlorination and lined lagoon is no longer authorized under the NPDES permit. Oil & water separator system was not in use.	
1. TREATMENT UNITS PROPERLY OPERATED.	<input checked="" type="checkbox"/> S <input type="checkbox"/> M <input type="checkbox"/> U <input type="checkbox"/> NA
2. TREATMENT UNITS PROPERLY MAINTAINED. Domestic wastewater lagoon had tear. Vegetation overgrown.	<input type="checkbox"/> S <input checked="" type="checkbox"/> M <input type="checkbox"/> U <input type="checkbox"/> NA
3. STANDBY POWER OR OTHER EQUIVALENT PROVIDED.	<input checked="" type="checkbox"/> S <input type="checkbox"/> M <input type="checkbox"/> U <input type="checkbox"/> NA
4. ADEQUATE ALARM SYSTEM FOR POWER OR EQUIPMENT FAILURES AVAILABLE.	<input type="checkbox"/> S <input type="checkbox"/> M <input type="checkbox"/> U <input checked="" type="checkbox"/> NA
5. ALL NEEDED TREATMENT UNITS IN SERVICE.	<input checked="" type="checkbox"/> S <input type="checkbox"/> M <input type="checkbox"/> U <input type="checkbox"/> NA
6. ADEQUATE NUMBER OF QUALIFIED OPERATORS PROVIDED.	<input checked="" type="checkbox"/> S <input type="checkbox"/> M <input type="checkbox"/> U <input type="checkbox"/> NA
7. SPARE PARTS AND SUPPLIES INVENTORY MAINTAINED.	<input checked="" type="checkbox"/> S <input type="checkbox"/> M <input type="checkbox"/> U <input type="checkbox"/> NA
8. OPERATION AND MAINTENANCE MANUAL AVAILABLE.	<input type="checkbox"/> Y <input type="checkbox"/> N <input checked="" type="checkbox"/> NA
STANDARD OPERATING PROCEDURES AND SCHEDULES ESTABLISHED.	<input type="checkbox"/> Y <input type="checkbox"/> N <input checked="" type="checkbox"/> NA
PROCEDURES FOR EMERGENCY TREATMENT CONTROL ESTABLISHED.	<input type="checkbox"/> Y <input type="checkbox"/> N <input checked="" type="checkbox"/> NA

Lee Ranch Coal Mine – September 9, 2019	PERMIT NO. NM0029581 Page 2 of 3
SECTION C - OPERATIONS AND MAINTENANCE (CONT'D)	
9. HAVE BYPASSES/OVERFLOWS OCCURRED AT THE PLANT OR IN THE COLLECTION SYSTEM IN THE LAST YEAR? IF SO, HAS THE REGULATORY AGENCY BEEN NOTIFIED? HAS CORRECTIVE ACTION BEEN TAKEN TO PREVENT ADDITIONAL BYPASSES/OVERFLOWS?	<input type="checkbox"/> Y <input checked="" type="checkbox"/> N <input type="checkbox"/> NA <input type="checkbox"/> Y <input type="checkbox"/> N <input checked="" type="checkbox"/> NA <input type="checkbox"/> Y <input type="checkbox"/> N <input checked="" type="checkbox"/> NA
10. HAVE ANY HYDRAULIC OVERLOADS OCCURRED AT THE TREATMENT PLANT? IF SO, DID PERMIT VIOLATIONS OCCUR AS A RESULT?	<input type="checkbox"/> Y <input checked="" type="checkbox"/> N <input type="checkbox"/> NA <input type="checkbox"/> Y <input type="checkbox"/> N <input checked="" type="checkbox"/> NA
SECTION D - SELF-MONITORING	
PERMITTEE SELF-MONITORING MEETS PERMIT REQUIREMENTS. <input type="checkbox"/> S <input type="checkbox"/> M <input type="checkbox"/> U <input checked="" type="checkbox"/> NA (FURTHER EXPLANATION ATTACHED <u>No</u>). DETAILS: If discharge, monitoring for pH, Total Suspended Solids (TSS), Iron, Settleable Solids, Whole Effluent Toxicity and Effluent Characteristics is required as conditioned in the Permit. TSS and Total Iron monitoring depends upon dry weather or precipitation as conditioned in the Permit. NA = Not evaluated / No recent discharge.	
1. SAMPLES TAKEN AT SITE(S) SPECIFIED IN PERMIT.	<input type="checkbox"/> Y <input type="checkbox"/> N <input checked="" type="checkbox"/> NA
2. LOCATIONS ADEQUATE FOR REPRESENTATIVE SAMPLES.	<input type="checkbox"/> Y <input type="checkbox"/> N <input checked="" type="checkbox"/> NA
3. FLOW PROPORTIONED SAMPLES OBTAINED WHEN REQUIRED BY PERMIT.	<input type="checkbox"/> Y <input type="checkbox"/> N <input checked="" type="checkbox"/> NA
4. SAMPLING AND ANALYSES COMPLETED ON PARAMETERS SPECIFIED IN PERMIT.	<input type="checkbox"/> Y <input type="checkbox"/> N <input checked="" type="checkbox"/> NA
5. SAMPLING AND ANALYSES PERFORMED AT FREQUENCY SPECIFIED IN PERMIT.	<input type="checkbox"/> Y <input type="checkbox"/> N <input checked="" type="checkbox"/> NA
6. SAMPLE COLLECTION PROCEDURES ADEQUATE	<input type="checkbox"/> Y <input type="checkbox"/> N <input checked="" type="checkbox"/> NA
a) SAMPLES REFRIGERATED DURING COMPOSITING.	<input type="checkbox"/> Y <input type="checkbox"/> N <input checked="" type="checkbox"/> NA
b) PROPER PRESERVATION TECHNIQUES USED.	<input type="checkbox"/> Y <input type="checkbox"/> N <input checked="" type="checkbox"/> NA
c) CONTAINERS AND SAMPLE HOLDING TIMES CONFORM TO 40 CFR 136.3.	<input type="checkbox"/> Y <input type="checkbox"/> N <input checked="" type="checkbox"/> NA
7. IF MONITORING AND ANALYSES ARE PERFORMED MORE OFTEN THAN REQUIRED BY PERMIT, ARE THE RESULTS REPORTED IN PERMITTEE'S SELF-MONITORING REPORT?	<input type="checkbox"/> Y <input type="checkbox"/> N <input checked="" type="checkbox"/> NA
SECTION E - FLOW MEASUREMENT	
PERMITTEE FLOW MEASUREMENT MEETS PERMIT REQUIREMENTS. <input type="checkbox"/> S <input type="checkbox"/> M <input type="checkbox"/> U <input checked="" type="checkbox"/> NA (FURTHER EXPLANATION ATTACHED <u>No</u>). DETAILS: If discharge, then permit requires 1/day estimate flow measurement subject to accuracy and reliability conditions in Part III.C.6 of the Permit. No flow measurement device installed. NA = Not evaluated / No recent discharge.	
1. PRIMARY FLOW MEASUREMENT DEVICE PROPERLY INSTALLED AND MAINTAINED. TYPE OF DEVICE _____	<input type="checkbox"/> Y <input type="checkbox"/> N <input checked="" type="checkbox"/> NA
2. FLOW MEASURED AT EACH OUTFALL AS REQUIRED.	<input type="checkbox"/> Y <input type="checkbox"/> N <input checked="" type="checkbox"/> NA
3. SECONDARY INSTRUMENTS (TOTALIZERS, RECORDERS, ETC.) PROPERLY OPERATED AND MAINTAINED.	<input type="checkbox"/> Y <input type="checkbox"/> N <input checked="" type="checkbox"/> NA
4. CALIBRATION FREQUENCY ADEQUATE. RECORDS MAINTAINED OF CALIBRATION PROCEDURES. CALIBRATION CHECKS DONE TO ASSURE CONTINUED COMPLIANCE.	<input type="checkbox"/> Y <input type="checkbox"/> N <input checked="" type="checkbox"/> NA <input type="checkbox"/> Y <input type="checkbox"/> N <input checked="" type="checkbox"/> NA <input type="checkbox"/> Y <input type="checkbox"/> N <input checked="" type="checkbox"/> NA
5. FLOW ENTERING DEVICE WELL DISTRIBUTED ACROSS THE CHANNEL AND FREE OF TURBULENCE.	<input type="checkbox"/> Y <input type="checkbox"/> N <input checked="" type="checkbox"/> NA
6. HEAD MEASURED AT PROPER LOCATION.	<input type="checkbox"/> Y <input type="checkbox"/> N <input checked="" type="checkbox"/> NA
7. FLOW MEASUREMENT EQUIPMENT ADEQUATE TO HANDLE EXPECTED RANGE OF FLOW RATES.	<input type="checkbox"/> Y <input type="checkbox"/> N <input checked="" type="checkbox"/> NA
SECTION F – LABORATORY	
PERMITTEE LABORATORY PROCEDURES MEET PERMIT REQUIREMENTS. <input type="checkbox"/> S <input type="checkbox"/> M <input type="checkbox"/> U <input checked="" type="checkbox"/> NA (FURTHER EXPLANATION ATTACHED <u>No</u>). DETAILS: Contract laboratory not inspected. Permit requires on-site monitoring for pH. Quality Control procedures would be required if facility discharges. NA = Not evaluated / No recent discharge.	
1. EPA APPROVED ANALYTICAL PROCEDURES USED (40 CFR 136.3 FOR LIQUIDS, 503.8(b) FOR SLUDGES)	

SECTION F - LABORATORY (CONT'D)2. IF ALTERNATIVE ANALYTICAL PROCEDURES ARE USED, PROPER APPROVAL HAS BEEN OBTAINED ☐ Y ☐ N ☒ NA3. SATISFACTORY CALIBRATION AND MAINTENANCE OF INSTRUMENTS AND EQUIPMENT. ☐ S ☐ M ☐ U ☒ NA4. QUALITY CONTROL PROCEDURES ADEQUATE. ☐ S ☐ M ☐ U ☒ NA5. DUPLICATE SAMPLES ARE ANALYZED. ____% OF THE TIME. ☐ Y ☐ N ☒ NA6. SPIKED SAMPLES ARE ANALYZED. ____% OF THE TIME. ☐ Y ☐ N ☒ NA7. COMMERCIAL LABORATORY USED. ☐ Y ☐ N ☒ NALAB NAME
LAB ADDRESS
PARAMETERS PERFORMED**SECTION G - EFFLUENT/RECEIVING WATERS OBSERVATIONS.** ☐ S ☐ M ☐ U ☒ NA (FURTHER EXPLANATION ATTACHED No).

OUTFALL NO.	OIL SHEEN	GREASE	TURBIDITY	VISIBLE FOAM	FLOAT SOL.	COLOR	OTHER
Various	No Discharge	No discharge	No discharge	No discharge	No discharge	No discharge	None

RECEIVING WATER OBSERVATIONS: **Permittee representative described that there has been no discharge from permitted outfalls. No evidence of discharge (e.g., erosion, rills) from settlement ponds or permitted outfalls was observed.****SECTION H - SLUDGE DISPOSAL**SLUDGE DISPOSAL MEETS PERMIT REQUIREMENTS. ☐ S ☐ M ☐ U ☒ NA (FURTHER EXPLANATION ATTACHED No).DETAILS: **NA = Not evaluated / No recent discharge.**1. SLUDGE MANAGEMENT ADEQUATE TO MAINTAIN EFFLUENT QUALITY. ☐ S ☐ M ☐ U ☒ NA2. SLUDGE RECORDS MAINTAINED AS REQUIRED BY 40 CFR 503. ☐ S ☐ M ☐ U ☒ NA

3. FOR LAND APPLIED SLUDGE, TYPE OF LAND APPLIED TO: _____ (e.g., FOREST, AGRICULTURAL, PUBLIC CONTACT SITE)

SECTION I - SAMPLING INSPECTION PROCEDURES (FURTHER EXPLANATION ATTACHED No).1. SAMPLES OBTAINED THIS INSPECTION. ☐ Y ☒ N ☐ NA

2. TYPE OF SAMPLE OBTAINED: GRAB _____ COMPOSITE SAMPLE _____ METHOD _____ FREQUENCY _____

3. SAMPLES PRESERVED. ☐ Y ☐ N ☒ NA4. FLOW PROPORTIONED SAMPLES OBTAINED. ☐ Y ☐ N ☒ NA5. SAMPLE OBTAINED FROM FACILITY'S SAMPLING DEVICE. ☐ Y ☐ N ☒ NA6. SAMPLE REPRESENTATIVE OF VOLUME AND MATURE OF DISCHARGE. ☐ Y ☐ N ☒ NA7. SAMPLE SPLIT WITH PERMITTEE. ☐ Y ☐ N ☒ NA8. CHAIN-OF-CUSTODY PROCEDURES EMPLOYED. ☐ Y ☐ N ☒ NA9. SAMPLES COLLECTED IN ACCORDANCE WITH PERMIT. ☐ Y ☐ N ☒ NA

Peabody Natural Resources Company dba Lee Ranch Coal Company
Lee Ranch Coal Mine
NPDES Permit No. NM0029581
Compliance Evaluation Inspection
September 9, 2019

Further Explanations

Introduction

On September 9, 2019, Erin Shea of the New Mexico Environment Department (NMED), Surface Water Quality Bureau (SWQB) conducted a Compliance Evaluation Inspection (CEI) at the Lee Ranch Coal Mine approximately 35 miles north-northeast of Milan in McKinley County, New Mexico. The permit is classified as a minor industrial discharger under the federal Clean Water Act, Section 402, of the National Pollutant Discharge Elimination System (NPDES) permit program. It is assigned NPDES permit number NM0029581 which authorizes discharge of mine drainage from process plant areas; active mining areas; and reclamation areas, brushing and grubbing areas, topsoil stockpiling areas, and regraded areas from various outfalls to streams listed in unclassified described ephemeral segments in 20.6.4.97 New Mexico Administrative Code (NMAC) and streams subject to 20.6.4.98 NMAC (if intermittent) or 20.6.4.99 NMAC (if perennial), thence to Arroyo Chico, thence to East Rio Puerco, thence to the Rio Grande in described segment in Section 20.6.4.105 NMAC State of New Mexico Standards for Interstate and Intrastate Surface Waters.

The NMED performs a certain number of CEIs each year for the U.S. Environmental Protection Agency (USEPA), Region VI. The purpose of this inspection is to provide the USEPA with information to evaluate the Permittee's compliance with the NPDES permit. This inspection report is based on information provided by the Permittee's representatives, observations made by the NMED inspector, and records and reports kept by the Permittee and/or NMED.

The inspector arrived at the mine at approximately 1040 hours on the day of this inspection. Ms. Shea made introductions, presented credentials and explained the purpose of the inspection to Chad Gaines, Environmental Specialist and Myron Newman, Environmental Technician III, Peabody Natural Resources Company. Ms. Shea, Mr. Gaines and Mr. Newman toured the mine. An exit interview to discuss preliminary findings was conducted with Mr. Gaines on site. The inspector left the facility at approximately 1530 hours on the day of this inspection.

Treatment Scheme

Lee Ranch Coal Mine was opened in 1984 by Santa Fe Pacific Minerals to supply coal to Western Fuels Association and Tucson Electric Power under long-term contracts. Other customers included Arizona Public Service and Arizona Electric Power Cooperative. Mining operations included a combination of dragline, and truck and shovel for overburden removal to uncover between three and five coal seams ranging from one- to six-feet thick. Coal loading was done by front-end loaders. Coal was hauled from pits by truck to the processing plant for sizing, sampling, analysis and blending to customer specifications. Trains would be loaded from three 15,000-ton silos. A 60-inch belt conveyor would deliver coal from the silos to a batch weighing system that loads each rail car to capacity.

Mining operations for coal removal are not active. Reclamation activities are active in some areas of the mine. Vehicle maintenance for both the Lee Ranch Coal Mine and El Segundo Coal Mine still occurs at the process plant area. Evaporation and sedimentation ponds are used to capture stormwater runoff. Domestic sewage treatment consists of aeration, chlorination and evaporation (lagoon) with a 2-million-gallon capacity. Discharges from two domestic sewage outfalls (Outfalls 034 and 034A) are no longer authorized under the Permit. Permittee representatives stated that water from truck wash, car wash and shop wash down no longer flows to an

impoundment and the oil and water separator is not in operation. No vehicle or equipment washing was observed during this inspection.

A Sediment Control Plan (SCP) is included in the 2018 Final Permit for discharge from outfalls within the reclamation areas, brushing and grubbing areas, topsoil stockpiling areas, and regraded areas in the Western Alkaline Coal Mining subcategory effluent guidelines at 40 CFR 434.80. Part II.F of the Permit requires, among other things, the submission of annual pond certification reports, State of New Mexico Mining and Minerals Division (MMD) inspection reports, and any reports required by the SCP to EPA and NMED SWQB annually. The Permittee conducts annual, quarterly and routine facility inspections that include impoundments which are associated with remaining outfalls. Impoundment inspection record keeping includes pond name, capacity, monitoring procedure (routinely or quarterly), date inspected, inspector, bottom elevations, water present, water elevation, water depth, photo reference and comments (e.g., deficiencies). The 2018 Annual Pond Certification includes the Annual Impoundment Inspection Report based on inspections conducted in November of 2018, which listed the status of re-seeding and maintenance action items, indicated which impoundments held water and their condition which were “stable good condition.” No areas of the mine have received Surface Mining Control and Reclamation Act of 1977 (SMCRA) Phase III bond release from the MMD.

Section B - Recordkeeping and Reporting Evaluation – Overall Rating of “M = Marginal”

Permit Requirements / Findings / Comments

- EPA Region 6 does not appear to have updated the NetDMR system with authorized outfalls in the June 2018 Final Permit (see Table 1 below for an outfall summary). The Permittee would need to contact / re-contact the EPA Region 6, including NetDMR Lead Contact, to have the permit, outfalls and monitoring requirements updated.
- Part I.B (Sampling Locations) of the Permit lists the outfall locations and states *“Locations may be revised by the permittee if it becomes necessary to eliminate or establish new holding ponds. For any revision, the permittee shall submit appropriate maps showing the holding pond locations.”*

Permittee representative described that Outfall 042 no longer exists (removed). The Permittee would need to contact EPA Region 6 to have the outfall removed from monitoring reporting requirements.

- Part III.D.11 (Signatory Requirements) of the Permit states *“All applications, reports, or information submitted to the Director shall be signed and certified.”* Part III.D.11(b) of the Permit states *“ALL REPORTS required by the permit and other information requested by the Director shall be signed by a person described above or by a duly authorized representative of that person. A person is a duly authorized representative only if: (1) The authorization is made in writing by a person described above; (2) The authorization specifies either an individual or a position having responsibility for the overall operation of the regulated facility or activity, such as the position of plant manager, operator of a well or a well field, superintendent, or position of equivalent responsibility, or an individual or position having overall responsibility for environmental matters for the company. A duly authorized representative may thus be either a named individual or an individual occupying a named position; and (3) The written authorization is submitted to the Director.”* Certification language is provided in Part III.D.11(c) of the Permit.

The provided 2018 Annual Pond Certification letter dated January 7, 2019 was not signed and certified as required in Part III of the Permit. Duly authorized representative in writing should be reviewed, updated and submitted to EPA Region 6, if needed.

Section C - Operations and Maintenance – Overall Rating of “S = Satisfactory”

Permit Requirements for Operations and Maintenance

- Part III.B.3.a (Standard Conditions, Proper Operation and Maintenance) of the permit states:

The permittee shall at all times properly operate and maintain all facilities and systems of treatment and control (and related appurtenances) which are installed or used by permittee as efficiently as possible and in a manner which will minimize upsets and discharges of excessive pollutants and will achieve compliance with the conditions of this permit.... This provision requires the operation of backup or auxiliary facilities or similar systems which are installed by a permittee only when the operation is necessary to achieve compliance with the conditions of this permit.

Findings for Operation and Maintenance

- Domestic wastewater discharge is no longer authorized under the 2018 Final Permit. The domestic wastewater lagoon liner had tear and vegetation was overgrown in and around the liner (see Photos 1 and 2 below). An evaluation of the liner integrity and maintenance schedule appears needed. No evidence of recent flow from the lagoon into the overflow impoundment was observed. The overflow impoundment is approximately 1,000 feet east of Mulatto Canyon.

Table 1: Summary of Outfalls, Updated Permit Version appears needed in NetDMR

2010 Final Permit	2015 Renewal Application	June 2018 Final Permit	NetDMR as of September 2019
001	--	--	001
002	002	002	002
003	003	003	003
004	004	004	004
--	006	006	--
009	--	--	009
015	--	--	015
016	--	--	016
020	--	--	020
021	--	--	021
024	--	--	024
027	027	027	027
028	028	028	028
032	--	--	032
033	--	--	033
034/034A	--	--	034
036	--	--	036
037	--	--	037
038	--	--	038
039	--	--	039
041	--	--	041
042	042	042	042
044	044	044	044
045	--	--	045
049	049	049	049
050	050	050	050
051	--	--	051
054	--	--	054
061	061	061	061
062	062	062	062
063	--	--	063
064	--	--	064
065	--	--	065
066	--	--	066
067	067	067	067
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Notes: Part II of the 2018 Final Permit (Page 8) incorrectly lists Outfalls 020, 021 and 024 from the previous permit; and Outfall 101 is incorrectly listed twice. Permittee's 2015 renewal application and Page 3 Part I of the 2018 Final Permit (Page 3) includes Outfall 103.

**NMED/SWQB
Official Photograph Log
Photo # 1**

Photographer: Erin Shea	Date: 09/09/2019	Time: ~1153 hours
City/County: North of Milan / McKinley County		State: New Mexico
Location: Lee Ranch Coal Mine / NPDES Permit No. NM0029581		
Subject: Treated domestic wastewater is piped to the lined sewage lagoon shown on the left side of this photo. An corrugated metal pipe (also shown in Photo 2) would allow flow from the lined lagoon to the overflow impoundment on the right side of this photo.		



**NMED/SWQB
Official Photograph Log
Photo # 2**

Photographer: Erin Shea	Date: 09/09/2019	Time: ~1154 hours
City/County: North of Milan / McKinley County		State: New Mexico
Location: Lee Ranch Coal Mine / NPDES Permit No. NM0029581		
Subject: Domestic wastewater lagoon liner had tear. Vegetation was overgrown in and around the liner.		



Operator or Permittee Response



Lee Ranch Mine
A Division of Peabody Natural
Resources Company
PO BOX 757
35 Miles N. of Milan, NM
Grants, NM 87020
505-285-4651
505-285-4650

October 29, 2019

David Long, NPDES Enforcement Coordinator
U.S. Environmental Protection Agency
Region 6 Water Enforcement Branch (6ECDWM)
1201 Elm Street, Suite 500
Dallas, TX 75202

**Re: Peabody Natural Resource Company - Lee Ranch Mine
NPDES Permit NM0029581
NPDES Compliance Evaluation Inspection September 9, 2019**

Dear Mr. Long:

On September 30, 2019 Peabody Natural Resources Company (PNRC) received the NPDES Compliance Evaluation Inspection Report for the inspection completed at the Lee Ranch Mine (LRM) on September 9, 2019. Please find below PNRC's response to the findings of the inspection.

EPA Region 6 does not appear to have updated the NetDMR system with authorized outfalls in the June 2018 Final Permit (see Table 1 below for an outfall summary. The Permittee would need to contact / re-contact the EPA Region 6, including NetDMR Lead Contact, to have the permit, outfalls and monitoring requirements updated.

PNRC re-contacted the EPA Region 6 NetDMR coordinator and the outfall and monitoring requirements for permit NM0029581 have been corrected in the NetDMR system.

Part I.B (Sampling Locations) of the Permit lists the outfall locations and states "Locations may be revised by the permittee if it becomes necessary to eliminate or establish new holding ponds. For any revision, the permittee shall submit appropriate maps showing the holding pond locations."

Outfall 042 has been backfilled and reclaimed in accordance with the operations reclamation plan and the drainage reporting to this outfall is now directed through Outfall 028. PNRC is working towards bond release of this area with the New Mexico Mining and Minerals Division (MMD). A request to remove this outfall will be submitted once authorization from MMD

The provided 2018 Annual Pond Certification letter dated January 7, 2019 was not signed and certified as required in Part III of the Permit. Duly authorized representative in writing should be reviewed, updated and submitted to EPA Region 6, if needed.

An authorization letter from the President of PNRC granting Mr. Gaines authority to submit reports and documents necessary to fulfill the requirements of NPDES Permit NM0029581 accompanies this response and a copy has been mailed to the Enforcement Coordinator of EPA Region 6. Mr. Gaines is authorized to submit DMRs for this permit and believed this authorization covered the submittal of general permit reports as well. The 2018 Annual Pond Certification Report was reviewed and certified by the President of PNRC, as indicated by his Professional Engineer stamp. All future reports will be signed by either a corporate official or duly authorized person and will include the appropriate certification statement.

Domestic wastewater discharge is no longer authorized under the 2018 Final Permit. The domestic wastewater lagoon liner had tear and vegetation was overgrown in and around the liner (see Photos 1 and 2 below). An evaluation of the liner integrity and maintenance schedule appears needed. No evidence of recent flow from the lagoon into the overflow impoundment was observed.

As noted in the inspection the sewage lagoon is no longer listed on the LRM NPDES permit. The LRM is currently in a care and maintenance state with minimal staff and equipment onsite and the mine is not actively extracting coal. Because of the limited amount of personnel onsite the lagoon receives negligible inflow relative to its design capacity and has little to no potential for discharge. Furthermore, the sewage lagoon is part of an in-series treatment system that would report to Outfall 044 before discharging off-site. The sewage lagoon is permitted under the NMED Ground Water Quality Bureau's Groundwater Discharge Program (Permit # DP-777). PNRC and the NMED Ground Water Quality Bureau are currently working on a plan to correct the conditions of the lagoon.

We appreciate the opportunity to respond to these findings. If you have any questions or require additional information, please do not hesitate to contact me at (505) 285-3076.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Chad Gaines', followed by a horizontal line.

Chad Gaines
Environmental Specialist

cc: NM Surface Water Program Manager



Lee Ranch Mine
A Division of Peabody Natural
Resources Company
PO BOX 757
35 Miles N. of Milan, NM
Grants, NM 87020
505-285-4651
505-285-4650

October 29, 2019

David Long, NPDES Enforcement Coordinator
U.S. Environmental Protection Agency
Region 6 Water Enforcement Branch (6ECDWM)
1201 Elm Street, Suite 500
Dallas, TX 75202

**Peabody Natural Resources Company: Lee Ranch NPDES Permit
NM0029581 and El Segundo NPDES Permit NM0030996**

Mr. Long:

As President of Peabody Natural Resources Company, I, Mitch Knapton, hereby grant Chad Gaines - Specialist Environmental the authority to submit reports and documents necessary to fulfill the requirements of NPDES Permit NM0029581 Lee Ranch Mine and NPDES Permit NM0030996 El Segundo Mine.

Sincerely

Mitch Knapton

A handwritten signature in black ink, appearing to read "Mitch Knapton", is written over the printed name.

President
Peabody Natural Resources Company



Lee Ranch Mine
A Division of Peabody Natural
Resources Company
PO BOX 757
35 Miles N. of Milan, NM
Grants, NM 87020
505-285-4651
505-285-4650

October 29, 2019

David Long, NPDES Enforcement Coordinator
U.S. Environmental Protection Agency
Region 6 Water Enforcement Branch (6ECDWM)
1201 Elm Street, Suite 500
Dallas, TX 75202

Peabody Natural Resources Company: Lee Ranch NPDES Permit NM0029581

Mr. Long:

As President of Peabody Natural Resources Company, I, Mitch Knapton, hereby requesting a change in primary point of contact for the Lee Ranch Coal Company NPDES permit NM0029581. The following point of contact, Mark Rochlitz, has retired from the company. The future facility contact correspondence should change to:

Mitchell W. Knapton
PO Box 757
Grants, NM 87020

Please do not hesitate to contact me with any questions at 505-285-3001
Sincerely

Mitch W. Knapton

A handwritten signature in black ink, appearing to read "Mitch W. Knapton", is written over a horizontal line.

President
Peabody Natural Resources Company